

# TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES

Meeting Minutes for December 17, 2009, 8:30 a.m.  
5<sup>th</sup> Floor West Conference Room – City Hall

**Members Present:** Brian Bjorndahl, Chairman  
Tameron Collins, Designee for Human Resources Director  
Joel Peterson, Designee for Finance Director  
Gage Andrews, Employee Representative  
Brandy Kadous, Employee Representative  
Jean Wilkins, Retiree Representative

**Absent, Excused:** Kevin Larson, City Manager Appointee

**Staff Present:** David Deibel, Board Counsel  
Allan Bentkowski, Investment Manager  
Doris Rentschler, Lead Pension Analyst, Retirement  
Claire Beaubien, Board Administrative Assistant

**A. Call to order**

Chairman Bjorndahl called the meeting to order at 8:33 a.m.

**B. Consent Agenda**

1. Approval of November 19<sup>th</sup>, 2009 Board meeting minutes
2. Retirement ratifications for the month of December 2009

Brandy Kadous **moved, seconded** by Joel Peterson, to approve the Consent Agenda. **Motion passed 6 to 0** (Kevin Larson, absent, excused).

**C. Disability Retirement Application – Federico Lopez\***

Jean Wilkins **moved, seconded** by Gage Andrews, to approve the disability retirement for Federico Lopez.  
**Motion passed 6 to 0** (Kevin Larson, absent, excused).

**D. Investment Activity / Status Report**

1. Portfolio composition, transactions and performance

Allan reported that the net asset value of the fund as of 11/30/09 was \$536 million, compared to \$519.7 million on 10/31/09. The balance as of 12/16/09 was \$542.0 million.

As of 11/30/09, all managers and asset classes remain within their target asset allocation ranges.

Allan reported that on 11/25/09, \$1.5 million was transferred out of Alliance to the Investment Pool account. A capital call of slightly more than \$2 million was received from SteelRiver. After consulting with Hewitt, the funds were transferred from Alliance to SteelRiver to satisfy the capital call. A capital call from Macquarie has not been received to date but is expected shortly. Another \$1.5 million will be transferred from Alliance to the Investment Pool account on 12/23/09.

For the month of November, the overall plan returned 3.45% versus 3.25% for the Custom Plan Index. Bonds were slightly off, returning 1.27% versus 1.29% for the Barclays Aggregate. Equities were on par with the Equities Composite returning 4.70% for the month. Real Estate is still way off and infrastructure is still in the funding stages.

The plan was up, calendar year-to-date, with a return of 14.37% versus 17.34% for the Custom Plan Index. Bonds continue to have an outstanding year with a return 15.47% versus 7.61% for the Barclays Aggregate. Overall, equities have been steady, with a return of 23% versus 26.74% for the Equity Composite. The biggest drag on the fund continues to be Real Estate, down -31.67%.

Fiscal year to date, the plan continues to perform well, up 12.41% versus 13.15% for the Custom Plan Index. Bonds remain solid, up 7.52% versus 5.60% for the Barclays Aggregate. Equities returned 18.64% versus 19.80% for the Equity Composite. Real Estate is off -12.77% fiscal year-to-date through November.

Allan provided the Board with Investment Management News:

- PIMCO is expanding into active equity management. Allan provided a letter from Hewitt regarding the PIMCO expansion. Hewitt contends there is no cause for concern for fixed income management.
- Recently, BlackRock completed its acquisition of Barclays. This should have no effect on TSRS.
- TCW terminated their relationship with their top bond manager on 12/4/09 and purchased another bond manager, Met West Asset Management. Again, there will be no effect on the TSRS fund.
- TSRS will be receiving \$1.5 million from JPMorgan Strategic Property account as the first installment on a \$6 million withdrawal request made previously.

Gage asked Allan if the fund was on track with FY10 projections and if FY11 would be similar in transfers out. Allan reported that his projections show that there should be approximately \$29 million, exclusive of the End of Service program.

#### E. Election Committee Report

Brandy Kadous, Election Committee Chairman, reported that solicitations were mailed to all active participants and that there was only one letter of interest received for the open seat on the Board. According to legal counsel, an election must be made via mail because of the Rules and Regulations of the Board require a ballot mailing. David Deibel, Board Counsel, remarked that this situation can be corrected in the future but there is not enough time to address this issue at this time. Write-in candidates are not allowed by Chapter 22 Rules. Jean Wilkins commented that CTRA had the same situation occur when she ran for her seat. CTRA asked TSRS Board to allow their candidate to be elected by acclamation. Gage asked if there were no candidates, his understanding is that the Board has the ability to appoint someone to fill the position. Brandy reported that ability by the Board is for vacant mid-term, not at the beginning of the term. Brandy Kadous **moved, seconded** by Joel Peterson, to approve the ballot with the candidate summary revised to reflect the most current summary provided by Gage. **Motion passed 6 to 0** (Kevin Larson, absent, excused).

#### F. Future Agenda Items

January – Timberland Presentation

February – Causeway

February – JPMorgan

February – Hewitt Investment Group

February – Discussion on effect of budget adjustments on pension plan funding

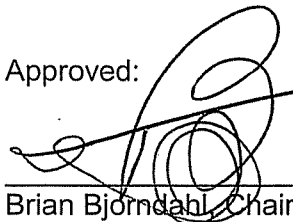
#### G. Call to audience

None heard.

#### H. Adjournment

Gage Andrews **moved, seconded** by Tameron Collins, to adjourn the meeting. **Motion passed 6 to 0**, (Kevin Larson, absent, excused). Meeting adjourned at 9:03 a.m.

Approved:



Brian Bjorndahl, Chair

Date

1-21-10



Michael Hermanson,  
System Administrator

01-21-10  
Date